

Prior law allowed a payee to charge the drawer of a check which was dishonored for nonsufficient funds a service charge not to exceed \$15 or 5% of the face amount of the check, whichever was greater, when making demand for payment. Prior law allowed the payee to recover damages in the amount of twice the amount owed, not to exceed \$100 plus attorney fees and court costs, whenever a drawer of a check dishonored for nonsufficient funds failed to pay the obligation created by the check within 30 days of receipt of a written demand for payment. Required the written demand for payment to be sent by certified or registered mail to the drawer of the check in a form as provided by the statute. Provided that such demand included notification of a service charge of \$15 or 5%, whichever was greater.

New law retains prior law except it increases the amount allowed to be charged as a service charge to the drawer of a check which is dishonored for nonsufficient funds from \$15 to \$25 or 5% of the face amount of the check, whichever is greater. New law in addition requires the payee to post a notice indicating the amount to be charged a drawer of a check if the check is returned for nonsufficient funds. Requires such notice to be posted on the payee's business premises in a convenient and conspicuous place where persons entering the location will see it. New law requires the written demand for payment to include notification of the increased service charge of \$25 or 5%, whichever is greater. New law further shortens the period of time within which the obligation must be paid from 30 days to 15 working days of receipt of a written demand for payment. New law further specifies that the "payee" also includes his agent or assignee or a holder of the instrument.

Prior law allowed the lender in a consumer credit transaction to assess an additional charge against the consumer's account if the consumer tendered a check in payment on such account and such check was returned due to nonsufficient funds in the account for payment of such check. Required that the additional charge be 5% of the amount of the check, not to exceed \$15. New law retains prior law except it changes the nonsufficient funds charge allowed for consumer credit transactions to make it the same as the nonsufficient funds charge allowed on other types of transactions, which would be \$25 or 5% of the face amount of the check, whichever is greater.

Effective August 15, 1999.

(Amends R.S. 9:2782(A), (B), and (C)(1) and 3529)